



4004

ANNUAL REPORT

OF

Name: FARMERS TELEPHONE COMPANY

Principal Office: 140 N MONROE ST
P.O. BOX 467
LANCASTER, WI 53813-0467

For the Year Ended: DECEMBER 31, 1997

TELECOMMUNICATIONS UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 267-9504

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

GENERAL RULES FOR REPORTING

1. Unless otherwise indicated, the information requested in this report should be taken from the accounts and other records in conformity with the Uniform System of Accounts prescribed by the Public Service Commission of Wisconsin in docket 05-US-102. The definitions and instructions contained therein should also apply to the report wherever applicable. A query or response concerning information contained in this report regarding any practice or transaction should not be construed as indicating conformity to accounting or other pertinent regulations.
2. Please follow all instructions and answer each question fully and accurately. Provide additional information as necessary to avoid misunderstandings or misleading responses. Abbreviations listed on page 6 may be used, however please show the exact name of the respondent in full on the "Identification and Ownership" page.
3. Wherever information is requested in a "note", please show that information in the space provided, or make reference to the adjacent page or insert where the note may be found. Please also identify each note. Footnote capability is included in the annual report software program. Please use it where necessary to fully explain particulars in the annual report.
4. Numeric items are limited to digits (0-9). A minus sign "-" should be entered in the software program to indicate negative values. Do not use parentheses for numeric values. The program will convert the minus sign to parentheses when a hard copy of the annual report is printed. Negative values may not be allowed for certain entries in the annual report due to restrictions contained in the software program.
5. Please report all dollar amounts to the nearest whole dollar.
6. This annual report should be complete in all respects. Unless otherwise authorized, avoid references to returns of former years or to other reports.
7. Wherever schedules call for data from the previous year and such data were reported in the previous annual report, that previous year's data should be reported without modification. If modified, an appropriate footnote indicator and explanation should be included in the current year's annual report.
8. Where part or all of the report is prepared by other than utility personnel, a disclosure is required in the notes to the income statement or the balance sheet, which describes the nature and extent of work performed.
9. Please print a hard copy of the annual report on 20 pound or heavier paper, sign it and compare with the electronic copy before officially filing it with the Public Service Commission of Wisconsin.

SIGNATURE PAGE

I TERRY M MATHERS of
(Person responsible for accounts)

FARMERS TELEPHONE COMPANY, certify that I
(Utility Name)

am the person responsible for accounts; that I have examined the following report and, to the best of my knowledge, information and belief, it is a correct statement of the business and affairs of said utility for the period covered by the report in respect to each and every matter set forth therein.

TERRY M MATHERS 05/01/1998
(Person responsible for accounts) (Date)

GENERAL MANAGER
(Title)

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ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Access Line	Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency transmission, and/or time slot transmission. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice channel or a 64 kilobits per second digital channel.
Analog Signal	A signal that varies in a continuous manner such as voice or music. An analog signal must be contrasted with a digital signal which can assume only discrete values.
Cellular System	A high capacity land mobile radio system in which an assigned frequency spectrum is divided into discrete channels that are assigned to a cellular geographic serving area.
Central Office	A switching unit in a telephone system providing service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting lines and trunks.
Centrex	A service for customers with many stations that permits station-to-station dialing, one listed directory number for the customer, direct inward dialing to a particular station and station identification on outgoing calls. The switching functions are performed in a central office (stand alone, host or remote).
Channel	An electrical communications path between two or more points. A single pair of wires may provide more than one channel. A channel may also be provided by microwave.
Customer	A person who uses a telephone as a subscriber.
Digital Signal	A signal that has a limited number of discrete states. This may be contrasted with an analog signal that varies in a continuous manner and may have an infinite number of states.
Equal Access	The ability of the subscriber to use any long distance service by dialing the same number of digits.
Exchange	A defined area served by one or more central offices regardless of technical serving arrangements within which the company furnishes service at rates and rules prescribed for that area in the company's filed tariffs. The area is not necessarily marked by political boundaries or the location of host or remote switching units.
Extended Area Service (EAS)	The ability of a customer to call customers in other exchanges at no additional charge or at an additional charge per tariff.
Extended Community Calling (ECC)	The ability of a customer to call customers in other exchanges at rates usually above EAS rates but below toll rates for comparable distances. Rates generally include a duration element.
Feature Group A	Line-side originating and terminating LATA access for which an originating subscriber dials an assigned telephone number that connects to a specific interexchange carrier (IC). The IC returns a tone to signal the caller to input additional generated digits of the called number.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Feature Group B	Trunk-side originating and terminating LATA access for which an originating subscriber dials a 950-WXXX number (where W=0, 1 and XXX is the carrier access code (CAC)), which is translated to a specific XXX carrier trunk group. Optional rotary dial service and ANI may be available.
Feature Group C	Trunk-side LATA access for AT&T-Communications generally on a direct basis between each end office (EO) and an AT&T-C switching system.
Feature Group D	Also referred to as equal access. It is trunk-side LATA access affording call supervision of an interexchange carrier, a uniform access code (10XXXXX), optional calling party identification, recording of access-charge billing details and presubscription to a customer specified interexchange carrier.
FX-IN	A nonswitched service where the customer of the company is connected to and receives switching service through central office equipment located in another exchange area.
FX-OUT	A switched service where facilities are provided from the central office out to the exchange boundary where it meets the line from a foreign exchange subscriber.
Host Switching System	A switching system that provides centralized control over most of the switching functions of one or more remote switching units. The host switching system usually provides trunk access to the operating company intraLATA networks.
Local Access Transport Area (LATA)	A geographic area within which an operating company may offer its telecommunications services.
Mobile Telephone	A service which provides radio telephone communication from a mobile vehicle to another vehicle or to a regular telephone.
Paging	A service which provides one-way signal or voice communication over a radio channel to a miniature receiver carried by the customer.
Pair	Two wires of a single circuit.
Pay Station	A telephone which normally requires all users to deposit one or more coins or use a credit card to complete a call.
Private Line Service	Channel or circuit rented for private use and not intended to be connected to the general distribution system.
Private Branch Exchange (PBX)	A manually, or operator controlled switching system, usually on the customer's premises, which serves that customer's telephones over a common group of lines from the central office.
Radio Common Carrier (RCC)	A company which furnishes public telecommunications service using one or more radio channels.
Remote Switching Unit (RSU)	An electronic switching system that is remote from its host or control office. All of the central control equipment for the RSU is located in the host switching system.

ANNUAL TELECOMMUNICATIONS REPORT GLOSSARY OF TERMS

Route Miles	<p>Total number of route miles (to the nearest mile) of operating plant facilities including drop wire in the exchange. One route mile may consist of:</p> <ol style="list-style-type: none">1. One mile of roadway with any combination of outside plant facilities on any number of rights-of-way.2. One mile of a cross country route with any combination of outside plant facilities.3. One mile of point-to-point microwave or radio link.4. One mile of plant on either side of a limited access highway or natural barrier, such as a navigable waterway.5. One mile of joint use line where the utility either owns the facility or leases space.
Stand Alone Switch	<p>A central office switch which has no remote switching units (RSUs) subtending it.</p>
Trunk	<p>A communications path connecting two switching systems in the establishment of an end-to-end connection.</p>
Wide Area Telephone Service (WATS)	<p>Customer leased access line or lines connected to the nationwide network over which an unlimited number of calls can be made for a fixed monthly charge.</p>
Wire Center	<p>The location of one or more local switching systems. A point at which customers' loops converge.</p>

ABBREVIATIONS USED IN ANNUAL REPORTS

Acct	.....	Account
Accum	.....	Accumulated
Acq	.....	Acquisition
Admin	.....	Administrative
Alloc	.....	Allocation
Amort	.....	Amortization
CO	.....	Central Office
Depr	.....	Depreciation
Equip	.....	Equipment
Exp	.....	Expenses
EOY	.....	End of Year
FOY	.....	First of Year
Info	.....	Information
ITC	.....	Investment Tax Credit
Misc	.....	Miscellaneous
Nonoper	.....	Nonoperating
Nonreg	.....	Nonregulated
Oper	.....	Operating
Opns	.....	Operations
Orig	.....	Originating
Prop	.....	Property
Receiv	.....	Receivable
Reg	.....	Regulated
Rev	.....	Revenues
Svcs	.....	Services
Telecom	.....	Telecommunications
Term	.....	Terminating
TPIS	.....	Telecommunications Plant in Service
TPUC	.....	Telecommunications Plant Under Construction
Uncoll	.....	Uncollectible

IDENTIFICATION AND OWNERSHIP

Exact Utility Name: FARMERS TELEPHONE COMPANY
Utility Location: 140 N MONROE ST
P.O. BOX 467
LANCASTER, WI 53813-0467

Utility Web Site Address:

When was utility organized?: 06/21/1898

Report any change in name and the effective date:

Officer in charge of correspondence concerning this report

Name: MR TERRY M. MATHERS
Title: GENERAL MANAGER/TREASURER

Office Address: 140 NORTH MONROE STREET
P.O. BOX 467
LANCASTER, WI 53813-0467

Fax Number: (608) 723 - 2400
Telephone Number: (607) 723 - 3634
Email Address: tmathers@pcii.net

Individual or firm, if other than utility employee, preparing this report

Name:
Title:

Office Address:

Fax Number:
Telephone Number:
Email Address:

Person responsible for financial information contained in report

Name: MR JAY G. BRANT
Title: ACCOUNTING MANAGER

Office Address: 140 NORTH MONROE STREET
P.O. BOX 467
LANCASTER, WI 53813-0467

Fax Number: (608) 723 - 2410
Telephone Number: (608) 723 - 3629
Email Address: jaybrant@pcii.net

Person responsible for statistical information contained in report

Name: MR JAY G. BRANT
Title: ACCOUNTING MANAGER

Office Address: 140 NORTH MONROE STREET
P.O. BOX 467
LANCASTER, WI 53813-0467

Fax Number: (608) 723 - 2410
Telephone Number: (608) 723 - 3629
Email Address: jaybrant@pcii.net

IDENTIFICATION AND OWNERSHIP

List names, addresses, and number of shares held by persons owning 5 percent or more of outstanding voting securities. If any stock is held by a nominee, give known particulars as to the beneficial owner (See Wis. Stat. § 196.795(1)(c), for definition of beneficial owner).

Name: PIONEER COMMUNICATIONS, INC.
Address: 140 NORTH MONROE STREET
PO BOX 231
LANCASTER, WI 53813-0231

Number of Shares Held: 137,643

Beneficial Owner: NONE

INCOME STATEMENT - TOTAL COMPANY

Particulars (a)	This Year (b)	Last Year (c)	
Operating Revenues (5000-5300)	4,014,408	3,809,104	1
Operating Expenses			
Plant Specific Operations Expense (6110-6410)	343,035	305,400	2
Plant Nonspecific Operations Expense	718,822	710,138	3
Customer Operations Expense (6610-6620)	297,169	309,293	4
Corporate Operations Expense (6710-6790)	322,394	326,387	5
Other Operating Income and Expense (7100)	(209)	(58)	6
Operating Taxes (7200)	1,001,826	925,296	7
Total Operating Expenses	2,683,455	2,576,572	8
Net Operating Income	1,330,953	1,232,532	9
Other Income			
Nonoperating Income and Expense (7300)	56,465	87,002	10
Nonoperating Taxes (7400)	(5,514)	(2,470)	11
Interest and Related Items (7500)	169,031	191,092	12
Extraordinary Items (7600)	0	0	13
Nonregulated Net Income (7990)	0	0	14
Total Nonoperating Income	(107,052)	(101,620)	15
Net Income	1,223,901	1,130,912	16

NOTES TO INCOME STATEMENT OR BALANCE SHEET

In the space provided below, disclose all material information not included elsewhere in this report that is necessary to make the financial statements clear and understandable. Included should be:

-
1. A summary of significant accounting policies. (The summaries should disclose, but not be limited to, the utility's accounting policies with regard to pension cost, unbilled revenues, depreciation, and income taxes.)

See Footnote A - "Summary of Significant Accounting Policies".

A

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2. A summary of significant contingent assets and liabilities existing at year end, including a brief explanation of any action initiated by the Internal Revenue Service, Wisconsin Department of Revenue, or the utility involving a possible assessment or refund of taxes.

None.

-
3. The notes should include an explicit and precise explanation of any retained earnings restrictions and should state the amount of retained earnings affected by such restrictions.

See Footnote B - "Dividend Restriction".

B

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT ASSETS			
CASH AND EQUIVALENTS			
Cash and Equivalents (1120)*	1,146,593	1,571,119	1
Cash (1130)			2
Special Cash Deposits (1140)			3
Working Cash Advances (1150)			4
Temporary Investments (1160)			5
TOTAL CASH AND EQUIVALENTS	1,146,593	1,571,119	
RECEIVABLES AND ALLOWANCES FOR DOUBTFUL ACCOUNTS			
Telecommunications Accounts Receivable (1180)*	271,601	257,448	6
Accounts Receivable Allowance-Telecom (1181)*			7
Net: Telecommunications Accounts Receivable	271,601	257,448	
Other Accounts Receivable (1190)*	578,496	543,926	8
Accounts Receivable Allowance--Other (1191)*			9
Net: Other Accounts Receivable	578,496	543,926	
Notes Receivable (1200)*	0	0	10
Notes Receivable Allowance (1201)*	0	0	11
Net: Notes Receivable	0	0	
Interest and Dividends Receivable (1210)*	26,933	18,305	12
TOTAL RECEIVABLES AND ALLOWANCES FOR DOUBTFUL	877,030	819,679	
SUPPLIES			
Inventories (1220)*	198,557	204,207	13
TOTAL SUPPLIES	198,557	204,207	
PREPAYMENTS			
Total Prepayments (1280)*	45,459	31,691	14
Prepaid Rents (1290)			15
Prepaid Taxes (1300)			16
Prepaid Insurance (1310)			17
Prepaid Directory Expenses (1320)			18
Other Prepayments (1330)			19
TOTAL PREPAYMENTS	45,459	31,691	
OTHER CURRENT ASSETS			
Other Current Assets (1350)*	15,499	17,591	20
TOTAL OTHER CURRENT ASSETS	15,499	17,591	
TOTAL CURRENT ASSETS	2,283,138	2,644,287	
NONCURRENT ASSETS			
INVESTMENTS			
Investment in Affiliated Companies (1401)*	0	0	21
Investments in Nonaffiliated Companies (1402)*	246,564	246,564	22
Nonregulated Investments (1406)*	0	0	23
Unamortized Debt Issuance Expense (1407)*			24
Sinking Funds (1408)*	0	0	25

BALANCE SHEET - ASSETS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
NONCURRENT ASSETS			
INVESTMENTS			
Other Noncurrent Assets (1410)*			26
TOTAL INVESTMENTS	246,564	246,564	
DEFERRED CHARGES			
Deferred Tax Regulatory Asset (1437)*	14,953	15,855	27
Deferred Maintenance and Retirements (1438)*	0	0	28
Deferred Charges (1439)*			29
TOTAL DEFERRED CHARGES	14,953	15,855	
TOTAL NONCURRENT ASSETS	261,517	262,419	
PLANT			
TELECOMMUNICATIONS PLANT IN SERVICE			
Telecommunications Plant in Service (2001)*	9,153,740	8,937,123	30
Less: Accumulated Depreciation (3100)*	5,376,566	4,919,863	31
Less: Accumulated Amortization--Capitalized Leases (3410)*			32
Less: Accumulated Amortization--Leasehold Improvements (3420)*			33
Less: Accumulated Amortization--Intangible (3500)*			34
NET TELECOMMUNICATIONS PLANT IN SERVICE	3,777,174	4,017,260	
PROPERTY HELD FOR FUTURE USE			
Prop. Held for Future Telecommun. Use (2002)*	37,533	37,533	35
Less: Accumulated Depreciation--Held for Future Telecommunications Use (3200)*	15,767	13,515	36
NET PROPERTY HELD FOR FUTURE USE	21,766	24,018	
NONOPERATING PLANT			
Nonoperating Plant (2006)*			37
Less: Accumulated Depreciation--Nonoperating (3300)*			38
NET NONOPERATING PLANT	0	0	
TPUC			
TPUC (2003)*	0	112,525	39
TOTAL TPUC	0	112,525	
TELECOMMUNICATIONS PLANT ADJUSTMENT			
Telecommunications Plant Adjustment (2005)*			40
Less: Accumulated Amortization--Other (3600)*			41
NET TELECOMMUNICATIONS PLANT ADJUSTMENT	0	0	
TOTAL PLANT	3,798,940	4,153,803	
TOTAL ASSETS AND OTHER DEBITS*	6,343,595	7,060,509	

BALANCE SHEET - LIABILITIES (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	Balance--EOY (b)	Balance--FOY (c)	
CURRENT LIABILITIES			
Accounts Payable (4010)*	351,312	927,585	1
Notes Payable (4020)*	0	0	2
Advance Billing and Payments (4030)*	219	184	3
Customer Deposits (4040)*	4,705	4,225	4
Current Maturities--Long-Term Debt (4050)*	131,838	130,367	5
Current Maturities--Capital Leases (4060)*			6
Income Taxes--Accrued (4070)*	48,560	(1,826)	7
Other Taxes--Accrued (4080)*	(32,212)	(37,807)	8
Net Current Deferred Operating Income Taxes (4100)*	0	0	9
Net Current Deferred Nonoperating Income Taxes (4110)*			10
Other Accrued Liabilities (4120)*	28,386	28,218	11
Other Current Liabilities (4130)*			12
TOTAL CURRENT LIABILITIES*	532,808	1,050,946	
LONG-TERM DEBT			
Funded Debt (4210)*	2,152,584	2,517,417	13
Premium on Long-Term Debt (4220)*			14
Discount on Long-Term Debt (4230)*			15
Reacquired Debt (4240)*	0	0	16
Obligations Under Capital Leases (4250)*			17
Advances from Affiliated Companies (4260)*	0	0	18
Other Long-Term Debt (4270)*	0	0	19
TOTAL LONG-TERM DEBT*	2,152,584	2,517,417	
OTHER LIABILITIES AND DEFERRED CREDITS			
Other Long-Term Liabilities (4310)*			20
Unamortized Operating ITC--Net (4320)*	84,827	100,366	21
Unamortized Nonoperating ITC--Net (4330)*			22
Net Noncurrent Deferred Operating Income Taxes (4340)*	444,754	423,255	23
Net Deferred Tax Liability Adjustments (4341)*	(52,355)	(64,062)	24
Net Noncurrent Deferred Nonoperating Income Taxes (4350)*	(20,222)	(9,712)	25
Other Deferred Credits (4360)*			26
Deferred Tax Regulatory Liability (4361)*	62,668	77,669	27
TOTAL OTHER LIABILITIES AND DEFERRED CREDITS*	519,672	527,516	
STOCKHOLDERS' EQUITY			
Capital Stock (4510)*	1,376,430	1,376,430	28
Additional Paid-in Capital (4520)*			29
Treasury Stock (4530)*	0	0	30
Other Capital (4540)*			31
Retained Earnings (4550)*	1,762,101	1,588,200	32
TOTAL STOCKHOLDERS' EQUITY*	3,138,531	2,964,630	
TOTAL LIABILITIES AND OTHER CREDITS*	6,343,595	7,060,509	

STATEMENT OF CASH FLOWS

Item (a)	Amount (b)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	1,223,901	1
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and amortization	656,790	2
Interest during construction	0	3
Changes in assets and liabilities:		
Current assets (net)	(63,377)	4
Other noncurrent assets	902	5
Other current liabilities	(519,609)	6
Other liabilities and deferred credits	(7,844)	7
Other (specify):		
TOTAL ADJUSTMENTS	66,862	
NET CASH PROVIDED BY OPERATING ACTIVITIES (NET INCOME & ADJUST.)	1,290,763	
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures:		
Changes in plant (net)	(301,927)	8
Investments in affiliated companies	0	9
Nonoperating Investments	0	10
Other (specify):		
NET CASH USING IN INVESTING ACTIVITIES	(301,927)	
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in capital lease obligations (net)	0	11
Change in long-term debt (net)	(363,362)	12
Net changes in stockholder equity other than retained earnings	0	13
Change in short term borrowing (net)	0	14
Dividends paid	(1,050,000)	15
Miscellaneous debits/credits to retained earnings	0	16
Other (specify):		
Net Cash Provided by Financing Activities	(1,413,362)	
NET INCREASE IN CASH AND CASH EQUIVALENTS	(424,526)	
Cash and cash equivalents at beginning of year (Accts. 1130-1160 for Class A; 1120 for Class B)		
Cash and cash equivalents at end of year (Accts. 1130-1160 for Class A; 1120 for Class B)		

IMPORTANT CHANGES DURING THE YEAR

1. Give the name and address of all companies which during the year came under the direct control of the respondent otherwise than through title to securities, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

None

2. Give the name and address of all companies which during the year came under the indirect control of the respondent through non-reporting intermediaries, stating whether such control is sole or joint, how control was established, names of other parties to a joint agreement for control, the extent of control exercised by each party, the name and address of the intermediary through which the indirect control exists, and any other pertinent data requisite to a clear understanding of the arrangements relating to control (See Section 32.9000 of the Uniform System of Accounts). Where important details relating to control of a company have changed, give particulars. If during the year a company ceased to be controlled by the respondent, its name and a statement of fact will be sufficient.

None

3. Important leaseholds acquired, given, assigned or surrendered, giving effective dates, lengths of terms, names of parties, rents, and other conditions.

None

4. List extension of system (other than additions supplementing existing facilities of the respondent) whether by purchase, construction, donation, or otherwise, such as a substantially complete telephone system, exchange or toll line. Give the location, new territory covered, and dates of beginning operation, and in case of purchase give also the name and address of the company from which purchased, date of acquisition, the consideration given, and reference to Commission authorization.

None

5. Estimated increase or decrease in annual revenues due to important rate changes, giving bases of estimates.

None

6. Obligation incurred or assumed by respondent as guarantor for the performance by another of any agreement or obligation, excluding ordinary commercial paper maturing on demand or not later than one year after date of issue.

None

7. Changes in articles of incorporation or amendments to charter.

None

8. Additional matters of fact (not elsewhere provided for) which respondent may desire to include in its report.

Farmers Telephone Company is a subsidiary of the Holding Company - Pioneer Communications, Inc. Pioneer Communications, Inc. merged with Mid-Plains, Inc. effective June 1, 1997. Pioneer Communications is now a subsidiary of the new Holding Company - Chorus Communications Group, Ltd.

Farmers Telephone Company transferred its Public Telephone Terminal Equipment to Pioneer Communications, Inc. at net book value. At the time of transfer total asset value was \$37,887 and total accumulated depreciation was \$33,071.

AFFILIATE ABBREVIATIONS

In column (b) provide the abbreviation for the name of the affiliate shown in column (a). Limit abbreviations to 10 characters or less. Use these abbreviations when completing the affiliated interest schedules. Insert "Other" in the Abbreviations column if the activity to be reported for a particular record in the Affiliated Interest Transactions or Affiliated Assets and Liabilities schedule represents an aggregation of activity not exceeding the dollar or percentage limits set forth in the header of that schedule.

Name of Affiliate (a)	Abbreviations (b)	
CHORUS COMMUNICATIONS GROUP, LTD.	CCG	1
DICKEYVILLE TELEPHONE CORPORATION	DTC	2
MID-PLAINS, INC.	MPI	3
PIONEER COMMUNICATIONS, INC.	PCI	4

AFFILIATED INTEREST TRANSACTIONS

Provide a summary of transactions under established affiliated interest contracts and arrangements (see Wis. Stat. § 196.52, for "affiliated interest" definitions). Use the space below to report transactions with individual affiliates and multiple affiliated interest agreements or, at the utility's option, with individual affiliates and a single agreement. Activity associated with affiliated contracts or arrangements not in excess of \$25,000 or 5 percent of the equity of the utility, whichever is smaller, may be aggregated in a single record. For utilities whose intrastate gross operating revenues of the previous year exceeded \$100,000,000, individual contracts or arrangements not exceeding \$100,000 may be aggregated in a single record. Where an affiliate is both providing and receiving service use one record to show billings to and a second record for billings from. When billings to or from an affiliate are recorded on the books of the utility, the records underlying such billings shall be sufficient to show all the detail maintained to identify the associated accounts related to the billing and categorize billings according to the account categories shown below.

Particulars (a)	(b)	(c)	(d)	(e)	
Docket	None	Various	Various		
Name of Affiliate	CCG	DTC	PCI		1
Designate whether billed to or from:	FROM	TO	TO		2
Cost Based (C), Market Price (M), Prevailing Price (P), Tariff (T), Other (O)	C	C	C		3
Revenues					4
Expenses:					
Plant Specific Operations Expense		61,026	64,132		5
Plant Nonspecific Operations Expense		3,490			6
Customer Operations Expense	7	34,336	41,464		7
Corporate Operations Expense	16,893	22,088	40,274		8
Total Operating Expenses	16,900	120,940	145,870	0	9
Other:					
Plant Accounts		17,671	10,393		10
Accumulated Depreciation		27			11
Accumulated Amortization					12
Clearing					13
All Other			52,867		14
Total	16,900	138,638	209,130	0	15
Percent of affiliate's business billed to all affiliated regulated utilities					16
If cost based, rate of return on equity or markup incorporated in billings	0.00				17
Footnotes		L	L		

AFFILIATED ASSETS AND LIABILITIES

This schedule should be used to report affiliated activity concerning balances at the end of the year for the following accounts: 1120, Cash and Equivalents; 1160, Temporary Investments; 1180, Telecommunications Accounts Receivable; 1190, Other Accounts Receivable; 1210, Interest and Dividends Receivable; 1401, Investment in Affiliated Companies; 4010, Accounts Payable; and 4260, Advances from Affiliated Companies. Amounts at the end of the year for each affiliate should be identified by respective affiliate and account number. Report information below consecutively by respective account number; affiliated amounts of less than \$5,000 may be reported in aggregate as "other" for a particular account. Affiliated amounts recorded in accounts 1200, Notes Receivable, 1408, Sinking Funds, and 4020, Notes Payable, should not be reported in this schedule, but rather in the respective schedules contained elsewhere in this report.

Name of Affiliate (a)	Account Number (b)	Balance EOY (c)	
DICKEYVILLE TELEPHONE CORPORATION	1190	31,332	1
PIONEER COMMUNICATIONS, INC.	1190	41,339	2
CHORUS COMMUNICATIONS GROUP, LTD.	4010	16,900	3
DICKEYVILLE TELEPHONE CORPORATION	4010	286	4
PIONEER COMMUNICATIONS, INC.	4010	13,978	5

ACCOUNTS RECEIVABLE NET WRITE OFFS - TELECOMMUNICATIONS

This schedule should be used to report accounts receivable net write off activity.

Particulars (a)	Amount (b)	
Collection of amounts previously written off		1
Uncollectibles written off during the year		2
Net write offs during the year	0	

NOTES RECEIVABLE (ACCT. 1200) AND ALLOWANCES (ACCT. 1201)

For affiliates, list by issue or note by affiliate. Other, list by issue or note by entity. Separately identify economic development loans and associated particulars.

Name of Maker and purpose (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Amount EOY (e)	Allowance Acct. 1201 (f)
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NONE

Total				<u><u>0</u></u>	<u><u>0</u></u>	1
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INVESTMENTS IN NONAFFILIATED COMPANIES (ACCT. 1402)

Name (a)	Balance EOY (b)	
RTB Class B Stock	173,959	1
Other:		
RTB Class C Stock	5,000	2
Archer-Daniels-Midland Company - Stock	1,292	3
People Community Oil Company	10	4
RSA-8 2% of Net Assets	66,303	5
Total Investments in Nonaffiliated Companies	246,564	

NONREGULATED INVESTMENTS (ACCT. 1406)

Report below the name and end-of-year balance of total net investment and inventory (accts. 1406.10, 1406.11 and 1406.12) for each nonregulated activity. Telephone utilities not subject to dual jurisdiction should report materials and supplies held for resale in account 1406.

Name (a)	Balance EOY (b)
Total Net Investment and Inventory (Accts. 1406.10, 1406.11, and 1406.12):	

NONE

1

DEFERRED MAINTENANCE AND RETIREMENTS (ACCT. 1438)

List items individually by Commission approval noting the date of approval.

Description of Item (a)	Balance EOY (b)
NONE	
Total	0

1

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)	
GENERAL SUPPORT ASSETS				
Land	2111	97,629		1
Motor Vehicles	2112	248,430	20,829	2
Aircraft	2113			3
Special Purpose Vehicles	2114			4
Garage Work Equipment	2115			5
Other Work Equipment	2116	202,299	5,794	6
Buildings	2121	630,998		7
Furniture	2122	66,555	5,856	8
Office Equipment	2123	63,905	1,919	9
General Purpose Computers	2124	349,985	36,824	10
TOTAL--GENERAL SUPPORT ASSETS:		1,659,801	71,222	
CENTRAL OFFICE ASSETS				
Analog Electronic Switching	2211			11
Digital Electronic Switching	2212	1,990,766	64,613	12
Electro-Mechanical Switching	2215	0	0	13
Operator Systems	2220			14
Radio Systems	2231	0	0	15
Circuit Equipment	2232	703,965	54,372	16
TOTAL--CENTRAL OFFICE ASSETS:		2,694,731	118,985	
INFORMATION ORIGATION/TERMINATION ASSETS				
Station Apparatus	2311			17
Customer Premises Wiring	2321			18
Large Private Branch Exchanges	2341			19
Public Telephone Terminal Equipment	2351	37,887		20 c
Other Terminal Equipment	2362	761		21
TOTAL--INFORMATION ORIG/TERM ASSETS:		38,648	0	
CABLE WIRE FACILITIES ASSETS				
Poles	2411	69,686	2,064	22
Aerial Cable	2421	427,330	84,845	23
Underground Cable	2422	121,929	0	24
Buried Cable	2423	3,744,181	154,006	25
Submarine Cable	2424	0	0	26
Deep Sea Cable	2425			27
Intrabuilding Network Cable	2426	0	0	28
Aerial Wire	2431	20,606		29
Conduit Systems	2441	160,211		30
TOTAL--CABLE WIRE FACILITIES ASSETS:		4,543,943	240,915	
AMORTIZABLE ASSETS				
Capital Leases	2681			31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2111			97,629	1
2112			269,259	2
2113			0	3
2114			0	4
2115			0	5
2116			208,093	6
2121			630,998	7
2122	492		71,919	8
2123	0	0	65,824	9
2124			386,809	10
	492	0	1,730,531	
2211			0	11
2212	84,633	0	1,970,746	12
2215	0	0	0	13
2220			0	14
2231	0	0	0	15
2232	31,121	0	727,216	16
	115,754	0	2,697,962	
2311			0	17
2321			0	18
2341			0	19
2351		(37,887)	0	20 c
2362			761	21
	0	(37,887)	761	
2411	1,240		70,510	22
2421	21,631	0	490,544	23
2422	0	0	121,929	24
2423	37,408	0	3,860,779	25
2424	0	0	0	26
2425			0	27
2426	0	0	0	28
2431	93		20,513	29
2441			160,211	30
	60,372	0	4,724,486	
2681			0	31

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B

Plant Account (a)	Account (b)	Balance FOY (c)	Additions (d)
AMORTIZABLE ASSETS			
Leasehold Improvements	2682		32
Intangibles	2690		33
TOTAL--AMORTIZABLE ASSETS:		0	0
TOTAL TELECOM. PLANT IN SERVICE	2001	8,937,123	431,122
Less: Allocation to Nonregulated Activity - EOY	2001		34
NET REG. TOTAL TELE. PLANT IN SERV. - EOY	2001		

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (cont.)

Account (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2682			0	32
2690			0	33
	0	0	0	
	176,618	(37,887)	9,153,740	
2001			0	34
			9,153,740	

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS)

Report telecommunications plant data for each subaccount where primary plant accounts have subclassifications. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone plant at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subaccount (b)	Balance FOY (c)	Additions (d)	
Office Support Equipment	2123.1	48,776	1,314	1
Company Communications Equipment	2123.2	15,129	605	2
Software	2212.1			3
Digital Switching - Central Office	2212.2	1,517,879	58,597	4
Digital Switching - Remote	2212.3	472,887	6,016	5
Step by Step Switching	2215.1			6
Crossbar Switching	2215.2			7
Satellite and Earth Station Facilities	2231.1			8
Other Radio Facilities	2231.2			9
Digital Circuit Equipment	2232.1	363,105	18,001	10
Analog Circuit Equipment	2232.2	146,904	35,814	11
Light Wave Circuit Equipment	2232.3	193,956	557	12
Aerial Cable - Nonmetallic	2421.1			13
Aerial Cable - Metallic	2421.2	427,330	84,845	14
Underground Cable - Nonmetallic	2422.1	8,797		15
Underground Cable - Metallic	2422.2	113,132		16
Buried Cable - Nonmetallic	2423.1	510,193	24,603	17
Buried Cable - Metallic	2423.2	3,233,988	129,403	18
Submarine Cable - Nonmetallic	2424.1			19
Submarine Cable - Metallic	2424.2			20
Intrabuilding Cable - Nonmetallic	2426.1			21
Intrabuilding Cable - Metallic	2426.2			22

Explain all amounts shown in column (g).

TELECOMMUNICATIONS PLANT IN SERVICE CLASS A & B (SUB-CLASS ACCOUNTS) **(cont.)**

Subaccount (e)	Retirements (f)	Transfers / Adjustments (g)	Balance EOY (h)	
2123.1			50,090	1
2123.2			15,734	2
2212.1			0	3
2212.2	83,755		1,492,721	4
2212.3	878		478,025	5
2215.1			0	6
2215.2			0	7
2231.1			0	8
2231.2			0	9
2232.1	17,529		363,577	10
2232.2	13,592		169,126	11
2232.3			194,513	12
2421.1			0	13
2421.2	21,631		490,544	14
2422.1			8,797	15
2422.2			113,132	16
2423.1	2,026		532,770	17
2423.2	35,382		3,328,009	18
2424.1			0	19
2424.2			0	20
2426.1			0	21
2426.2			0	22

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)	
GENERAL SUPPORT ASSETS						
Motor Vehicles	2112	131,385	6.58	16,480		1H
Aircraft	2113					2
Special Purpose Vehicles	2114					3
Garage Work Equipment	2115					4
Other Work Equipment	2116	114,112	7.34	14,931		5I
Buildings	2121	263,746	3.13	19,750		6
Furniture	2122	50,812	6.67	4,503		7
Office Equipment	2123	44,910	16.2	10,456		8
General Purpose Computers	2124	192,286	20.0	73,899		9
Total-- GENERAL SUPPORT ASSETS		797,251		140,019	0	
CENTRAL OFFICE ASSETS						
Analog Electronic Switching	2211					10
Digital Electronic Switching	2212	424,398	10.0	195,183		11
Electro-Mechanical Switching	2215					12
Operator Systems	2220					13
Radio Systems	2231					14
Circuit Equipment	2232	549,476	8.16	57,652		15
Total-- CENTRAL OFFICE ASSETS		973,874		252,835	0	
INFORMATION ORIG/TERM ASSETS						
Station Apparatus	2311					16
Customer Premises Wiring	2321					17
Large Private Branch Exchanges	2341					18
Public Telephone Terminal Equipment	2351	31,492	12.5	1,579		19J
Other Terminal Equipment	2362	607	15.0	114		20
Total-- INFORMATION ORIG/TERM ASSETS		32,099		1,693	0	
CABLE WIRE FACILITIES ASSETS						
Poles	2411	68,534	6.94	4,148		21
Aerial Cable	2421	354,508	5.25	22,291		22
Underground Cable	2422	54,851	4.0	4,878		23
Buried Cable	2423	2,546,108	6.0	224,669		24
Submarine Cable	2424					25
Deep Sea Cable	2425					26
Intrabuilding Network Cable	2426					27
Aerial Wire	2431	20,606	17.51			28

ACCUMULATED DEPRECIATION CLASS A & B

Primary Plant Account (a)	Acct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)
CABLE WIRE FACILITIES ASSETS					
Conduit Systems	2441	72,032	2.5	4,005	29
Total-- CABLE WIRE FACILITIES ASSETS		3,116,639		259,991	0
Total Accumulated Depreciation	3100	4,919,863		654,538	0
Less: Allocation to Nonregulated Activity - Columns e, f and I	3100				30
Net Regulated Total Accum Depreciation - 3100					
Columns e, f and I					

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2112					147,865	1 H
2113					0	2
2114					0	3
2115					0	4
2116					129,043	5 I
2121					283,496	6
2122	492				54,823	7
2123	0				55,366	8
2124					266,185	9
	492	0	0	0	936,778	
2211					0	10
2212	84,633	179	548	0	535,317	11
2215	0				0	12
2220					0	13
2231	0				0	14
2232	31,121	650	16,050		591,407	15
	115,754	829	16,598	0	1,126,724	
2311					0	16
2321					0	17
2341					0	18
2351				(33,071)	0	19 J
2362					721	20
	0	0	0	(33,071)	721	
2411	1,240	1,220	37		70,259	21
2421	21,631	4,717	2,330		352,781	22
2422	0				59,729	23
2423	37,408	536	191		2,733,024	24
2424	0				0	25
2425					0	26
2426	0				0	27
2431	93				20,513	28

ACCUMULATED DEPRECIATION CLASS A & B (cont.)

Acct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2441					76,037	29
	60,372	6,473	2,558	0	3,312,343	
3100	176,618	7,302	19,156	(33,071)	5,376,566	
3100						30
3100						

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS)

Where subclassifications of primary plant accounts are used, report below the accumulated depreciation details for each subaccount. Amounts pertaining to subaccount 2212.4, Test Equipment, should be reported in account 2212.2, Digital Switching - Central Office; amounts for subaccounts 2231.3, Microwave, 2231.4, Cellular, 2231.5, Mobile Radio, and 2231.6, Paging, should be included in 2231.2, Other Radio Facilities; amounts pertaining to subaccounts 2232.4, Digital Data Services, 2232.5, Digital Circuit - Subscriber, 2232.6, Digital Circuit - Trunk - Toll, and 2232.7, Concentrators, should be reported in 2232.1, Digital Circuit Equipment. Any other separate accounting for telephone accumulated depreciation at an individual telephone company should be consolidated and reported in the primary accounts as defined in the uniform system of accounts.

Plant Subaccount (a)	Subacct (b)	Balance FOY (c)	Depr Rate (d)	Annual Accrual (e)	Additional Accrual (f)	
Office Support Equipment	2123.1	37,930	15.0	7,349		1
Company Communications Equipment	2123.2	6,980	20.0	3,107		2
Software	2212.1					3
Digital Switching - Central Office	2212.2	0				4 D
Digital Switching - Remote	2212.3	424,398	10.0	195,183		5 D
Step by Step Switching	2215.1					6
Crossbar Switching	2215.2					7
Satellite and Earth Station Facilities	2231.1					8
Other Radio Facilities	2231.2					9
Digital Circuit Equipment	2232.1	316,528	10.0	36,330		10
Analog Circuit Equipment	2232.2	145,102	20.0	8,382		11
Light Wave Circuit Equipment	2232.3	87,846	6.67	12,940		12
Aerial Cable - Nonmetallic	2421.1					13
Aerial Cable - Metallic	2421.2	354,508	5.25	22,291		14
Underground Cable - Nonmetallic	2422.1	2,238	4.0	352		15
Underground Cable - Metallic	2422.2	52,613	4.0	4,526		16
Buried Cable - Nonmetallic	2423.1	192,664	6.0	30,716		17
Buried Cable - Metallic	2423.2	2,353,444	6.0	193,953		18
Submarine Cable - Nonmetallic	2424.1					19
Submarine Cable - Metallic	2424.2					20
Intrabuilding Cable - Nonmetallic	2426.1					21
Intrabuilding Cable - Metallic	2426.2					22

ACCUMULATED DEPRECIATION CLASS A & B (SUB-CLASS ACCOUNTS) (cont.)

Subacct (g)	Retired (h)	Cost of Removal (i)	Salvage (j)	Other (k)	Balance EOY (l)	
2123.1					45,279	1
2123.2					10,087	2
2212.1					0	3
2212.2	83,755			83,755	0	4 D
2212.3	878	179	548	(83,755)	535,317	5 D
2215.1					0	6
2215.2					0	7
2231.1					0	8
2231.2					0	9
2232.1	17,529	289	6,759		341,799	10
2232.2	13,592	361	9,291		148,822	11
2232.3					100,786	12
2421.1					0	13
2421.2	21,631	4,717	2,330		352,781	14
2422.1					2,590	15
2422.2					57,139	16
2423.1	2,026	12			221,342	17
2423.2	35,382	524	191		2,511,682	18
2424.1					0	19
2424.2					0	20
2426.1					0	21
2426.2					0	22

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361)

This schedule should be used to report the deferred operating income tax portion of the stated accounts. In addition, column (e) of this schedule should be used to report the flowback of property related excess deferred taxes (e.g., 46 percent versus 34 percent federal tax rates). Credit amounts should be shown in ().

Particulars (a)	Balance FOY (b)	
PROPERTY RELATED		
Other Current Assets (1350)	0	1
Other Noncurrent Assets (1410)	0	2
Deferred Tax Regulatory Asset (1437)	15,855	3
Net Current Deferred Operating Income Taxes (4100)	0	4
Net Noncurrent Deferred Operating Income Taxes (4340)	(423,255)	5
Net Deferred Tax Liability Adjustments (4341)	64,062	6
Deferred Tax Regulatory Liability (4361)	(77,669)	7
Net Property Related Deferred Operating Income Taxes	(421,007)	
Less: Allocation to Nonregulated Activity	0	8
Net Regulated Total Property Related Deferred Operating Income Taxes	(421,007)	
NONPROPERTY RELATED		
Other Current Assets (1350)	6,603	9
Other Noncurrent Assets (1410)	0	10
Deferred Tax Regulatory Asset (1437)	0	11
Net Current Deferred Operating Income Taxes (4100)	0	12
Net Noncurrent Deferred Operating Income Taxes (4340)	0	13
Net Deferred Tax Liability Adjustments (4341)	0	14
Deferred Tax Regulatory Liability (4361)	0	15
Total Nonproperty Related Deferred Operating Income Taxes	6,603	

NET DEFERRED OPERATING INCOME TAXES (ACCT. 1350, 1410, 1437, 4100, 4340, 4341 & 4361) (cont.)

Acct (c)	Current Year Accrual (d)	Current Year Amortization (e)	Adjustments Debit or (Credit) (f)	Balance EOY (g)	
7250				0	1
7250				0	2
	(902)			14,953	3
7250				0	4
7250	(21,499)			(444,754)	5
		11,707		52,355	6
		(15,001)		(62,668)	7
	(22,401)	(3,294)	0	(440,114)	
				0	8
	(22,401)	(3,294)	0	(440,114)	
7250	10,989			17,592	9
7250				0	10
				0	11
7250				0	12
7250				0	13
				0	14
				0	15
	10,989	0	0	17,592	

NOTES PAYABLE (ACCT. 4020)

For affiliate, list note by affiliate. For a particular affiliate, the identical affiliate name, as shown in the Affiliate Abbreviations schedule, should be reported in this schedule. For other, list by note by entity.

Name (a)	Issue Date (b)	Maturity (c)	Interest Rate (d)	Balance EOY (e)
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NONE

Total Notes Payable	<u><u>0</u></u>	1
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LONG-TERM DEBT

Report data requested and show total for each long-term debt account at end of year. Information concerning the following debt issues may be reported on individual lines in aggregate: REA/RTB 2%, REA/RTB 5%, & REA/RTB 7%. In addition, REA/RTB and FFB debt, respectively, within a range of 200 basis points may also be reported in aggregate on individual lines. If reported in aggregate, a range of dates may be reported in columns (b) and (c) as well as a range of interest rates in column (d) and a composite interest rate in column (e). If aggregation is not utilized, column (e) should contain the same interest rate as reported in column (d). For account 4050 report only the amount of debt anticipated to be repaid in one year or less.

Description of Debt (a)	Specific or Range of Stated Dates of Issue (b)	Specific or Range of Stated Dates of Maturity (c)	Specific or Range of Interest Rates (d)	
Funded Debt (Account 4210):				
RTB Note #S010	01/06/1975	01/06/2010	8.0000	1
RTB Note #S030	09/22/1989	09/22/2011	6.0500	2
RTB Note #S031	09/22/1989	09/22/2011	6.0400	3
RUS Note #2031	05/29/1967	05/29/2002	2.0000	4
RUS Note #2040	02/13/1968	02/13/2003	2.0000	5
RUS Note #2041	02/13/1968	02/13/2003	2.0000	6
RUS Note #2042	02/14/1974	02/14/2009	2.0000	7
Total Funded Debt				

LONG-TERM DEBT (cont.)

Composite Interest Rate (e)	Held by Utility		Total Principal EOY (h)	Current Maturities Included in Acct. 4050 (i)	Total Amount Outstanding (j)	
	Reacquired Debt Acct. 4240 (f)	Sinking Funds Acct. 1408 (g)				
8.0000			1,281,686	66,844	1,348,530	1
6.0500			509,785	26,587	536,372	2
6.0400			217,784	11,358	229,142	3
2.0000			2,507	473	2,980	4
2.0000			92,817	17,516	110,333	5
2.0000			13,142	2,480	15,622	6
2.0000			34,863	6,580	41,443	7
	0	0	2,152,584	131,838	2,284,422	

CAPITAL STOCK ACCOUNTS AT END OF YEAR

In column (a) indicate the stated dividend rate applicable to each series of preferred stock.

Class and Series (a)	Shares Authorized by Charter (b)	Par Value per Share (c)	Call Price End of Year (d)
COMMON STOCK:			
Common Stock	200,000	10.00	1
TOTAL COMMON STOCK	200,000		
TOTAL	200,000		

CAPITAL STOCK ACCOUNTS AT END OF YEAR (cont.)

	Acct. 4510 - Capital Stock		Acct. 4530 - Treasury Stock		
	Shares	Amount	Shares	Amount	
	(e)	(f)	(g)	(h)	
COMMON STOCK:					
Common Stock	137,643	1,376,430	0	0	1
	137,643	1,376,430	0	0	
TOTAL	137,643	1,376,430	0	0	

RETAINED EARNINGS (ACCT. 4550)

Particulars (a)	This Year (b)	Last Year (c)	
Balance-First of Year	1,588,200	1,957,288	1
Changes:			
Balance Transferred from Income	1,223,901	1,130,912	2
Dividends Declared:			
Common	1,050,000	1,500,000	3
Preferred			4
Total Dividends Declared	1,050,000	1,500,000	
Miscellaneous Debits to Retained Earnings			5
Miscellaneous Credits to Retained Earnings			6
Balance--End of Year	1,762,101	1,588,200	

DISTRIBUTION OF TAXES

1. Report hereunder the summary accounts and functions charged with taxes accrued during the year.
2. Where allocation is necessary, explain the basis used.
3. Report in a footnote the amounts and kind of taxes cleared from prepaid taxes, if any.

Summary Account/ Function Charged (a)	Wisconsin License Fee (b)	Wisconsin Income Tax (c)	Federal Income Tax (d)	
Operating Taxes (Accts. 7210 - 7250)	224,370	167,403	604,073	1
Nonoperating Taxes (Accts. 7410 - 7450)		(1,180)	(4,334)	2
Extraordinary Items (Accts. 7630 & 7640)				3
Nonregulated Net Income (Acct. 7990)				4
Clearing Accounts				5
Construction				6
Payroll Taxes: FICA				7
Payroll Taxes: State Unemployment				8
Payroll Taxes: Federal Unemployment				9
Other (specify):				
ITC			15,539	10
Deferred Taxes		(8,368)	(652)	11
TOTAL	<u>224,370</u>	<u>157,855</u>	<u>614,626</u>	

DISTRIBUTION OF TAXES (cont.)

PSC Remainder Assessment (e)	Local Property Tax (f)	State & Local Taxes Other than Wisconsin (g)	Other Taxes (h)	Payroll Taxes (i)	Total (j)	
5,980					1,001,826	1
					(5,514)	2
					0	3
					0	4
					0	5
					0	6
				44,715	44,715	7
				537	537	8
				1,380	1,380	9
					15,539	10
					(9,020)	11
<u>5,980</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>46,632</u>	<u>1,049,463</u>	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
LOCAL NETWORK SERVICES REVENUES			
Basic Local Service Revenue (5000)*	1,123,699	1,073,700	1
Basic Area Revenue (5001)			2
Optional Extended Area Revenue (5002)			3
Cellular Mobile Revenue (5003)			4
Other Mobile Services Revenue (5004)			5
Public Telephone Revenue (5010)			6
Local Private Line Revenue (5040)			7
Customer Premises Revenue (5050)			8
Other Local Exchange Revenue (5060)			9
Other Local Exchange Revenue Settlements (5069)			10
TOTAL BASIC LOCAL SERVICE REVENUE (5000)	1,123,699	1,073,700	
NETWORK INTERSTATE ACCESS SERVICES REV.			
End User Revenue (5081)*	282,440	273,753	11
Switched Access Revenue (5082)*	1,094,805	1,007,000	12
Special Access Revenue (5083)*	55,076	38,782	13 E
TOTAL INTERSTATE ACCESS REVENUES (5080)	1,432,321	1,319,535	
NETWORK INTRASTATE ACCESS SERVICES REV.			
End User Revenue (5084.1)*			14
Switched Access Revenue (5084.2)*	802,157	749,316	15
Special Access Revenue (5084.3)*	198,428	189,412	16
TOTAL INTRASTATE ACCESS REVENUES (5084)	1,000,585	938,728	
LONG DISTANCE NETWORK SERVICES MESSAGE REV.			
Long Distance Message Revenue (5100)*			17
Long Distance Inward-Only Revenue (5111)			18
Long Distance Outward-Only Revenue (5112)			19
Unidirectional Long Distance Revenue (5110)	0	0	
Long Distance Private Network Revenues			
Subvoice Grade Revenue (5121)			20
Voice Grade Revenue (5122)			21
Audio Program Grade Revenue (5123)			22
Video Program Grade Revenue (5124)			23
Digital Transmission Revenue (5125)			24
Switching Revenue (5126)			25
Other Revenue (5128)			26
Other Revenue Settlements (5129)			27
Total Long Distance Private Network Revenue	0	0	
Other Long Distance Revenue (5160)			28
Other Long Distance Revenue Settlements (5169)			29
TOTAL LONG DISTANCE NET. SERVICES MESSAGE REV.	0	0	

REVENUES - CLASS A & B (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
MISCELLANEOUS REVENUES			
Directory Revenue (5230)*	122,586	113,287	30
Rent Revenue (5240)*	9,538	9,592	31
Corporate Operations Revenue (5250)*			32
Miscellaneous:			
Miscellaneous Revenue (5260)*	159,161	140,605	33
Special Billing Arrangements Revenue (5261)			34
Customer Operations Revenue (5262)			35
Plant Operations Revenue (5263)			36
Other Incidental Regulated Revenue (5264)			37
Other Revenue Settlements (5269)			38
Total Miscellaneous Revenue (5260)	159,161	140,605	
Interstate Billing and Collection Revenue*	65,506	75,757	39
Intrastate Billing and Collection Revenue*	102,053	139,770	40 F
Total Carrier Billing and Collection Revenue (5270)*	167,559	215,527	
Nonregulated Operating Revenue (5280)**			41
TOTAL MISCELLANEOUS REVENUES	458,844	479,011	
GROSS OPERATING REVENUES	4,015,449	3,810,974	
UNCOLLECTIBLE REVENUES			
Uncollectible Revenue (5300)*	1,041	1,870	42
Uncollectible Revenue--Telecommunications (5301)			43
Uncollectible Revenue--Other (5302)			44
TOTAL UNCOLLECTIBLE REVENUE (5300)	1,041	1,870	
TOTAL OPERATING REVENUES	4,014,408	3,809,104	

** Account 5280 is to be used only by those companies subject to dual jurisdiction.

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
PLANT SPECIFIC OPERATIONS EXPENSE				
Total Network Support Expense (6110)	7,299	10,851	2,481	1
Less: Nonregulated		0		2
Net Regulated	7,299	10,851	2,481	3
Total General Support Expense (6120)	82,600	87,951	10,117	4
Less: Nonregulated		0		5
Net Regulated	82,600	87,951	10,117	6
Total Central Office Switching Expense (6210)	84,297	82,508	42,281	7
Less: Nonregulated		0		8
Net Regulated	84,297	82,508	42,281	9
Total Operator Systems Expense (6220)	0	0	0	10
Less: Nonregulated		0		11
Net Regulated	0	0	0	12
Total Central Office Transmission Expenses (6230)	17,416	30,982	3,253	13
Less: Nonregulated		0		14
Net Regulated	17,416	30,982	3,253	15
Total Information Orig. / Term. Expense (6310)	1,309	286	200	16
Less: Nonregulated		0		17
Net Regulated	1,309	286	200	18
Total Cable and Wire Fac. Expense (6410)	112,479	130,457	58,041	19
Less: Nonregulated		0		20
Net Regulated	112,479	130,457	58,041	21
TOTAL PLANT SPECIFIC OPERATIONS EXPENSE	305,400	343,035	116,373	
Less: Nonregulated	0	0	0	
Net Regulated	305,400	343,035	116,373	
PLANT NONSPECIFIC OPERATIONS EXPENSE				
Total Other Property, Plant and Equip. Exp. (6510)	0	0	0	22
Less: Nonregulated		0		23
Net Regulated	0	0	0	24
Total Network Operations Expense (6530)	72,472	62,032	33,336	25
Less: Nonregulated		0		26
Net Regulated	72,472	62,032	33,336	27
Access Expense (6540)	0	0	0	28
Less: Nonregulated		0		29
Net Regulated	0	0	0	30
Total Depreciation and Amortization Expense (6560)	637,666	656,790		31
Less: Nonregulated		0		32
Net Regulated	637,666	656,790		33
TOTAL PLANT NONSPECIFIC OPERATIONS EXP.	710,138	718,822	33,336	
Less: Nonregulated	0	0	0	
Net Regulated	710,138	718,822	33,336	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6110	609	0	7,761	0	1
					2
	609	0	7,761	0	3
6120	1,508	27,522	48,804	0	4
					5
	1,508	27,522	48,804	0	6
6210	10,675	0	29,552	0	7
					8
	10,675	0	29,552	0	9
6220	0	0	0	0	10
					11
	0	0	0	0	12
6230	788	4,555	22,386	0	13
					14 K
	788	4,555	22,386	0	15
6310	40	0	46	0	16
					17
	40	0	46	0	18
6410	14,463	20,152	37,801	0	19
					20
	14,463	20,152	37,801	0	21
	28,083	52,229	146,350	0	
	0	0	0	0	
	28,083	52,229	146,350	0	
6510	0	0	0	0	22
					23
	0		0	0	24
6530	8,422	0	20,274	0	25
					26
	8,422	0	20,274	0	27
6540	0	0	0	0	28
					29
	0	0	0	0	30
6560			656,790		31
					32
			656,790		33
	8,422	0	677,064	0	
	0	0	0	0	
	8,422	0	677,064	0	

EXPENSE MATRIX - CLASS A & B

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries / Wages (d)	
CUSTOMER OPERATIONS EXPENSE				
Total Marketing (6610)	3,841	1,191	479	34
Less: Nonregulated		0		35
Net Regulated	3,841	1,191	479	36
Total Services (6620)	305,452	295,978	103,097	37
Less: Nonregulated		0		38
Net Regulated	305,452	295,978	103,097	39
TOTAL CUSTOMER OPERATIONS EXPENSE	309,293	297,169	103,576	
Less: Nonregulated	0	0	0	
Net Regulated	309,293	297,169	103,576	
CORPORATE OPERATIONS EXPENSE				
Total Exec. and Planning (6710)	184,297	181,573	125,493	40
Less: Nonregulated		0		41
Net Regulated	184,297	181,573	125,493	42
Total General and Administrative (6720)	142,090	140,821	46,705	43
Less: Nonregulated		0		44
Net Regulated	142,090	140,821	46,705	45
Provision for Uncollectible Notes Receiv. (6790)	0	0		46
Less: Nonregulated		0		47
Net Regulated	0	0		48
TOTAL CORPORATE OPERATIONS EXPENSE	326,387	322,394	172,198	
Less: Nonregulated	0	0	0	
Net Regulated	326,387	322,394	172,198	
TOTAL EXPENSES	1,651,218	1,681,420	425,483	
Less: Nonregulated	0	0	0	
Net Regulated	1,651,218	1,681,420	425,483	

EXPENSE MATRIX - CLASS A & B (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6610	133	0	579	0	34
					35
	133	0	579	0	36
6620	25,530		167,351	0	37
					38
	25,530		167,351	0	39
	25,663	0	167,930	0	
	0	0	0	0	
	25,663	0	167,930	0	
6710	11,953		44,127	0	40
					41
	11,953		44,127	0	42
6720	11,240		82,876	0	43
					44
	11,240		82,876	0	45
6790			0		46
					47
			0		48
	23,193	0	127,003	0	
	0	0	0	0	
	23,193	0	127,003	0	
	85,361	52,229	1,118,347	0	
	0	0	0	0	
	85,361	52,229	1,118,347	0	

EXPENSE MATRIX - CLASS A & B (DETAIL)

Particulars (a)	Total Last Year (b)	Total This Year (c)	Salaries/ Wages (d)	
Property Held for Future Tele. Use Exp. (6511)	0	0	0	1
Provisioning Expense (6512)	0	0	0	2
Total: Reported in Account 6510	0	0	0	
Depreciat. Exp.--Tele. Plant in Service (6561)	635,414	654,538		3
Depreciat. Exp.--Prop. Held for Future Tele. Use (6562)	2,252	2,252		4
Amortization Expense--Tangible (6563)		0		5
Amortization Expense--Intangible (6564)		0		6
Amortization Expense--Other (6565)		0		7
Total: Reported in Account 6560	637,666	656,790		

EXPENSE MATRIX - CLASS A & B (DETAIL) (cont.)

Account (e)	Benefits (f)	Rents (g)	Other (h)	Clearances to (from) (i)	
6511	0		0	0	1
6512	0		0	0	2
	0		0	0	
6561			654,538		3
6562			2,252		4
6563					5
6564					6
6565					7
			656,790		

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to Department of Justice and telephone relay assessments.

Description (a)	This Year (b)	
Gross Operating Revenues	4,015,449	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	(209)	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): Uncollectibles	(1,041)	8 M
Assessable Revenues for Remainder, Department of Justice, and Telephone Relay Assessment Purposes	4,014,199	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,123,699	1
Plus: Total Intrastate Access Revenues (5084)	1,000,585	2
Plus: Total Long Distance Network Services Revenue	0	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): NONE	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes	2,124,284	

CALCULATION OF ASSESSABLE REVENUES FOR REMAINDER AND TELEPHONE RELAY ASSESSMENT PURPOSES

Currently, cooperatives are not billed for remainder assessment, but are subject to the telephone relay assessment.

Description (a)	This Year (b)	
Gross Operating Revenues	4,015,449	1
Plus: Collection of amounts previously written off	0	2
Less: Uncollectibles written off during the year	0	3
Plus: Total Other Operating Income and (Expense) (7100)	(209)	4
Less: Nonregulated Operating Revenue (included Gross Oper. Rev. on Line 1)		5
Plus: Nonregulated Uncollectible Revenue (included in Gross Oper. Rev. on Line 1)		6
Less: Out-of-State Operating Revenues (included in Gross Oper. Rev. on Line 1)		7
Plus (or Less) Other (please specify): Uncollectibles	(1,041)	8 M
Assessable Revenues for Remainder and Telephone Relay Assessment Purposes	<u>4,014,199</u>	

CALCULATION OF ASSESSABLE REVENUES FOR UNIVERSAL SERVICE FUND ASSESSMENT PURPOSES

Description (a)	This Year (b)	
Total Basic Local Service Revenue (5000)	1,123,699	1
Plus: Total Intrastate Access Revenues (5084)	1,000,585	2
Plus: Total Long Distance Network Services Revenue	0	3
Less: Out-of-State Operating Revenues (included in the above lines)		4
Plus (or Less) Other (please specify): NONE	0	5
Assessable Revenues for Universal Service Fund Assessment Purposes	<u>2,124,284</u>	

OTHER INCOME ACCOUNTS (CLASS B USE ACCOUNTS DESIGNATED BY *)

Particulars (a)	This Year (b)	Last Year (c)	
OTHER OPERATING INCOME AND EXPENSE			
Income from Custom Work (7110)*	(209)	(58)	1
Return from Nonregulated Use of Regulated Facilities (7130)*			2
Gains and (Losses) from Foreign Exchange (7140)			3
Gains or (Losses) from the Disposition of Land and Artworks (7150)			4
Other Operating Gains and (Losses) (7160)*			5
TOTAL OTHER OPERATING INCOME AND (EXPENSE) (7100)*	(209)	(58)	
OPERATING TAXES			
Operating Investment Tax Credits--Net (7210)*	(15,539)	(20,432)	6
Operating Federal Income Taxes (7220)*	610,668	549,466	7
Operating State and Local Income Taxes (7230)*	156,818	143,228	8
Operating Other Taxes (7240)*	230,350	223,308	9
Provision for Deferred Operating Income Taxes--Net (7250)*	19,529	29,726	10
TOTAL OPERATING TAXES (7200)*	1,001,826	925,296	
NONOPERATING INCOME AND EXPENSE			
Dividend Income (7310)*	448	481	11
Interest Income (7320)*	57,943	87,210	12
Income from Sinking and Other Funds (7330)*			13
Allowance for Funds Used During Construction (7340)*			14
Gains or (Losses) from the Disposition of Certain Property (7350)*			15
Other Nonoperating Income (7360)*	45	93	16
Special Charges (7370)*	1,971	782	17
TOTAL NONOPERATING INCOME AND EXPENSE (7300)*	56,465	87,002	
NONOPERATING TAXES			
Nonoperating Investment Tax Credits--Net (7410)*			18
Nonoperating Federal Income Taxes (7420)*	3,958	5,710	19
Nonoperating State and Local Income Taxes (7430)*	1,037	1,532	20
Nonoperating Other Taxes (7440)*			21
Provision for Deferred Nonoperating Income Taxes--Net (7450)*	(10,509)	(9,712)	22
TOTAL NONOPERATING TAXES (7400)*	(5,514)	(2,470)	
INTEREST AND RELATED ITEMS			
Interest on Funded Debt (7510)*	168,880	188,442	23
Interest Expense--Capital Leases (7520)*			24
Amortization of Debt Issuance Expense (7530)*			25
Other Interest Deductions (7540)*	151	2,650	26
TOTAL INTEREST AND RELATED ITEMS (7500)*	169,031	191,092	
EXTRAORDINARY ITEMS			
Extraordinary Items (7600)*			27
Extraordinary Income Credits (7610)			28
Extraordinary Income Charges (7620)			29
Current Income Tax Effect of Extraordinary Items--Net (7630)			30
Provision for Deferred Income Tax Effect of Extraordinary Items--Net (7640)			31
TOTAL EXTRAORDINARY ITEMS (7600)*	0	0	
NONREGULATED NET INCOME			
Nonregulated Net Income (7990)*	0	0	32

NONREGULATED NET INCOME (ACCT. 7990)

Particulars (a)	Amount (b)	
Revenues (Acct. 7990.1)		
Gross Sales	0	1
Less: Cost of Goods Sold	0	2
Net Sales	0	3
Expenses (Acct. 7990.2)	0	4
Nonregulated Net Income	0	5

List the type of nonregulated activities that company is involved in:

None .

If the revenues from an individual nonregulated activity represent in excess of 5% of the total operating revenues for the company, please provide the amounts, as requested above, for that individual activity:

DISTRIBUTION OF SALARIES AND WAGES

Description (a)	Amount (b)	
Regulated Expense	425,483	1
Nonregulated Expense		2
Plant Accounts	49,961	3
Accumulated Depreciation Accounts	4,377	4
All Other Accounts	104,688	5
Total Salaries and Wages	584,509	6 G

EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers	1.05	1.05	57,317	1
Supervision and Other Management	7.00	6.00	219,279	2
Other Employees	13.91	13.83	307,913	3
Total	21.96	20.88	584,509	

EMPLOYEE DATA

Compensation includes wages, commissions, bonuses and any other cash allowances paid to employees.

Employee Category (a)	Number of Equivalent Full-Time Employees		Total Compensation (d)	
	FOY (b)	EOY (c)		
Officers	1.05	1.05	57,317	1
Supervision and Other Management	7.00	6.00	219,279	2
Other Employees	13.91	13.83	307,913	3
Total	21.96	20.88	584,509	

TELEPHONE CALLS AND MINUTES OF USE PER MONTH

Enter average number, in thousands, of calls and minutes of use per month. The averages may be based on actual counts taken periodically during the year. Please provide level of detail available.

Item (a)	Telephone Calls (000's) (b)	Minutes of Use (000's) (c)	
LOCAL			
Intra-Exchange	534	1,524	1
Extended Area Service	210	920	2
Extended Community Calling	67	262	3
Other Local-Undefined			4
Total Local	811	2,706	
TOLL			
Operator Handled: State--intraLATA	4	17	5 N
Operator Handled: State--interLATA		12	6
Operator Handled: Interstate		34	7
Customer Dialed: State--intraLATA	70	558	8
Customer Dialed: State--interLATA	267	408	9 o
Customer Dialed: Interstate		1,136	10
WATS			11
Other Toll-Undefined			12
Total Toll	341	2,165	
Total Local & Toll	1,152	4,871	

ACCESS USAGE

Enter number, in thousands, of Billed Minutes.

Description (a)	Billed Minutes (000's)				
	Interstate InterLATA (b)	Intrastate InterLATA (c)	Intrastate IntraLATA (d)	Interstate IntraLATA (e)	
Feature Group A -- Orig.	0	0	0	0	1
Feature Group A -- Term.	11	20	0	0	2
Feature Group B -- Orig.	0	0	0	0	3
Feature Group B -- Term.	21	0	0	0	4
Feature Group C -- Orig.	0	0	2,007	2	5
Feature Group C -- Term.	0	0	1,862	1	6
Feature Group D -- Orig.	4,894	1,621	2,198	2	7
Feature Group D -- Term.	9,113	3,399	833	0	8

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	67	1
Sheath miles of plant - buried	439	2
Sheath miles of plant - fiber optics	63	3
Strand miles of plant - fiber optics	560	4
Route miles of plant - microwave		5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	10	28	1
56 kbps	10	16	2
64 kbps (DS0)	1	3	3
1.54 Mbps (DS-1)	4	4	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

OUTSIDE PLANT STATISTICS AT END OF YEAR

Description of Item (a)	Amount (b)	
Sheath miles of plant - aerial	67	1
Sheath miles of plant - buried	439	2
Sheath miles of plant - fiber optics	63	3
Strand miles of plant - fiber optics	560	4
Route miles of plant - microwave		5

SPECIAL ACCESS CIRCUITS IN USE AT END OF YEAR

Circuit Type (a)	InterLATA Chan. Terms. (b)	IntraLATA Chan. Terms. (c)	
Voice grade	10	28	1
56 kbps	10	16	2
64 kbps (DS0)	1	3	3
1.54 Mbps (DS-1)	4	4	4
45 Mbps (DS-3)	0	0	5
SONET OC-1	0	0	6
SONET OC-3	0	0	7
SONET OC-12	0	0	8
SONET OC-48	0	0	9
SONET OC-192	0	0	10

SERVICE DATA

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Business			
1 Party	853	882	3
2 Party	0		4
4 Party	0		5
PBX Trunks/System Trunks	25	28	6
Centrex Trunks	0		7
Centrex Lines	265	272	8
Key System Trunks	423	445	9
Mobile (Utility Provided Service)	0		10
Paging (Utility Provided Service)	108	111	11
FX-Out (Switched)	0		12
Pay Telephone		46	13
Coin-Operated Pay Telephone	0	0	14
Independent Pay Telephone Provider	0	7	15
Pay Stations - Public	45	0	16
- Semi-Public	0	0	17
- Cust. Owned	8	0	18
Other	7	5	19
Total Business Lines	1,734	1,796	20
Residential (Incl. Emp. Concess.)			
1 Party	4,462	4,555	22
2 Party	0		23
4 Party	0		24
FX-Out (Switched)	15	12	25
Other	0		26
Total Residential Lines	4,477	4,567	27
Total Bus & Res Lines	6,211	6,363	28
Company Used Lines	87	91	29
Total Lines Used	6,298	6,454	30

SERVICE DATA (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	FOY (b)	EOY (c)	
Miscellaneous			
WATS Lines - OutWATS	1	0	3
WATS Lines - 800 Service	2	2	4
FX-In-intraLATA	0		5
Special Access-intraLATA			6
(expressed in equiv. access lines)	121	143	7
Special Access-interLATA			8
(expressed in equiv. access lines)	44	117	9
Feature Group A Lines	0		10
Feature Group B Trunks	0		11
Feature Group C Trunks	144	144	12
Feature Group D Trunks	192	192	13
TSPS - Trunks	16	16	14
EAS - Trunks	240	228	15
Cellular Trunks (Pub. Sw. Net.)	0		16
Video Distance Learning			17
- discounted (special tariff)	0		18
Customers			
Business - 2 Party Customers	0		20
Business - 4 Party Customers	0		21
Residential - 2 Party Customers	0		22
Residential - 4 Party Customers	0		23
Other			
Total Central Office, Info. Orig./Term., & Cable			25
Wire Fac. Assets (based on physical location of plant)	7,277,322	7,423,209	27
Total Company Square Miles	330	330	28
Total Company Route Miles	917	933	29
Footnotes			30

SERVICE DATA - END OF YEAR

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0390	0960	2850	4350	1
Business					2
1 Party	44	124	602	112	3
2 Party					4
4 Party					5
PBX Trunks/System Trunks		6	22		6
Centrex Trunks	---CONF---	---CONF---	---CONF---	---CONF---	7
Centrex Lines		1	267	4	8
Key System Trunks	9	35	326	75	9
Mobile (utility provided service)					10
Paging (utility provided service)	1	9	96	5	11
FX-Out (Switched)					12
Pay Telephone	3	9	30	4	13
Coin-Operated Pay Telephone	0	0	0	0	14
Independent Pay Telephone Provider	0	2	5	0	15
Pay Stations - Public	0	0	0	0	16
- Semi-Public		0	0	0	17
- Cust. Owned		0	0	0	18
Other		0	3	2	19
Total Business Lines	57	186	1,351	202	20
Residential (Incl. Emp. Concess.)					21
1 Party	465	794	2,448	848	22
2 Party					23
4 Party					24
FX-Out (Switched)			8	4	25
Other					26
Total Residential Lines	465	794	2,456	852	27
Total Bus & Res Lines	522	980	3,807	1,054	28
Company Used Lines	6	4	76	5	29
Total Lines Used	528	984	3,883	1,059	30

SERVICE DATA - END OF YEAR (cont.)

Access Line--Central office line equipment, or equivalent, and all outside plant facilities, or equivalent, required to connect the serving central office with the customer premises via physical connection, frequency, and/or time slot. From an engineering perspective, a channel connection is at a DS0 level. A DS0 level is a 4 KHz voice or 64 Kilobits/second. Customer--A person who uses a telephone as a subscriber.

Item (a)	Exchange (b)	Exchange (c)	Exchange (d)	Exchange (e)	
PSCW Exchange ID	0390	0960	2850	4350	1
Miscellaneous					2
WATS Lines - OutWATS			0		3
WATS Lines - 800 Service			2		4
FX-In-intraLATA					5
Special Access-intraLATA					6
(equiv. access lines)	1	82	57	3	7
Special Access-interLATA					8
(equiv. access lines)	1	1	114	1	9
Feature Group A Lines					10
Feature Group B Trunks					11
Feature Group C Trunks			144		12
Feature Group D Trunks			192		13
TSPS - Trunks			16		14
EAS - Trunks			228		15
Cellular Trunks (Pub. Sw. Net.)					16
Video Distance Learning					17
- discounted (special tariff)					18
Customers					19
Business - 2 Party Customers					20
Business - 4 Party Customers					21
Residential - 2 Party Customers					22
Residential - 4 Party Customers					23
Other					24
Exchange C.O., Info. Orig./Term., & Cable					25
Wire Fac. Assets (based on physical location of plant)	1,039,254	937,619	4,285,151	1,161,185	26
Exchange Square Miles	79	54	130	67	27
Exchange Route Miles	188	148	409	188	28
Footnotes					29
					30

MANUFACTURER ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Manufacturer Name (a)	Abbreviation (b)	
Alcatel	AL	1
ATTC	ATT	2
GTE	GTE	3
ITT	ITT	4
Lucent	ATT/LUC	5
Nippon Electric	NEC	6
Northern Telecom	NTI	7
Siemens	SI	8
Stromberg-Carlson	SC	9
VIDAR	VI	10

EQUIPMENT ABBREVIATIONS

Use these abbreviations when completing the central office data schedule.

Equipment Type (a)	Abbreviation (b)	
Electromechanical	EM	1
Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

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Electronic--Analog	A	2
Electronic--Digital	D	3
Electronic--Video	V	4

CENTRAL OFFICE DATA - END OF YEAR

When an exchange has more than one central office, data must be reported for each central office.

Description (a)	Central Off. (b)	Central Off. (c)	Central Off. (d)	Central Off. (e)	
Exchange Name	BEETOWN	CASSVILLE	LANCASTER	POTOSI	1
PSCW Exchange ID	0390	0960	2850	4350	2
Central Office Name	BEETOWN	CASSVILLE	LANCASTER	POTOSI	3
PSCW Central Office ID	1	1	1	1	4
Manufacturer of COE (Page 54)	SI	SI	SI	SI	5
Year COE Installed	1994	1994	1994	1994	6
Type of Equipment (Page 54)	D	D	D	D	7
(S)tandalone, (H)ost, (R)emote	R	R	H	R	8
Remote Host PSCW Exchange ID	2850	2850		2850	9
Remote Host PSCW Central Office ID	1	1	0	1	10
COE Generic Software Release No.	14E	14E	14E	14E	11
SS7?	Yes	Yes	Yes	Yes	12
9-1-1?	Yes	Yes	Yes	Yes	13
Access Lines - In Use	530	1,067	4,056	1,063	14
- Equipped	636	1,272	4,504	1,368	15
- Wired	768	1,536	4,608	1,536	16
Trunks - In Use	0	0	580	0	17
- Equipped	0	0	936	0	18
- Wired	0	0	936	0	19
ISDN Available?	Yes	Yes	Yes	Yes	20
ISDN Lines - In Use (BRI)	0	0	3	2	21
- In Use (PRI)	0	0	0	0	22
Switched 56 Service?	Yes	Yes	Yes	Yes	23
Switched 56 lines in use	0	0	0	0	24
Digital Transmission Facilities: DS-1 - In Use	5	11	96	9	25
DS-3 - In Use	1	1	7	1	26
Advanced Data Service Available:					
Packet Switching?	No	No	No	No	27
SMDS?	No	No	No	No	28
Frame Relay?	No	No	No	No	29
ATM (Asynchronous Trans. Mode)?	No	No	No	No	30
Video Information - Service Available?	Yes	Yes	Yes	Yes	31
- In Use (# lines) ¹	0	0	0	0	32
Fiber Transmission Facilities:					
No. of fiber strands entering C.O.	16	8	44	16	33
No. of fiber strands working (LIT) in C.O.	12	4	24	12	34
No. of fiber strands for interoffice use	16	8	36	16	35
Miles of fiber sheath in wire center	12	6	29	16	36
Access Tandem Serving this C.O.:					
- C.O. Name	PLATTEVILLE	PLATTEVILLE	PLATTEVILLE	PLATTEVILLE	37
- PSCW C.O. ID	4250-02	4250-02	4250-02	4250-02	38
Does this C.O. do access tandem switching?	No	No	No	No	39
Equal Access: InterLATA (1+)?	Yes	Yes	Yes	Yes	40
Equal Access: IntraLATA (1+)?	Yes	Yes	Yes	Yes	41
Footnotes					42

¹ Teleco provided end-to-end facility.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

General Footnote

Schedule Footnotes**Accounts Receivable Net Write Offs - Telecommunications Footnote. Page 17**

Reserve method not used.

Notes Receivable (Acct. 1200) and Allowances (Acct. 1201) Footnote. Page 18

No Schedule Footnote exists for this schedule.

Long-Term Debt Footnote. Page 33

RTB Note #S013 that appeared on last years annual report was paid off in April 1997.

Expense Matrix - Class A & B Footnote. Page 41

Expense Matrix page 41: The amount of salaries and wages reported on page 41 does not equal the amount reported on page 46 (Employee Data) for several reasons. The amounts reported on the expense matrix pages for salaries and wages include the following: (1) amounts charged to/from Dickeyville Telephone Corporation and Pioneer Communications, Inc. through affiliated billings, (2) compensated absences, (3) Farmers Telephone Companys actual payroll, and (4) payroll accruals. The amount reported on page 46 is Farmers Telephone Companys actual payroll, which matches the W-2s.

Schedule Line Footnotes

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES**A) Footnote A - Summary of Significant Accounting Policies****PIONEER COMMUNICATIONS, INC.**

The Farmers Telephone Company (Company) is a wholly owned subsidiary of Pioneer Communications, Inc. (Pioneer). Pioneer is a wholly-owned subsidiary of Chorus Communications Group, Ltd. (Chorus). Affiliates of Pioneer provide services to other affiliates at cost plus a return on investment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company is a provider of telecommunications exchange and local access services in a service area located in southwestern Wisconsin.

The accounting policies of the Company conform to generally accepted accounting principles and reflect practices appropriate to the telephone industry. Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent revenues and expenses. The accounting records of the Company are maintained in accordance with the Uniform System of Accounts for Class A and B Telephone Companies prescribed by the Federal Communications Commission (FCC) as modified by the Public Service Commission of Wisconsin (PSCW).

PROPERTY AND EQUIPMENT

Telephone plant is capitalized at original cost, including the capitalized cost of salaries and wages, materials, certain payroll taxes and employee benefits. Beginning in September 1995, regulators modified accounting principles for the allowance for funds used during construction (AFUDC) to conform with Statement of Financial Accounting Standards No. 34 "Capitalization of Interest Cost." The impact of this change was not material. No AFUDC was taken in 1997.

The Company provides for depreciation for financial reporting purposes on the straight-line method by the application of rates based on the estimated service lives of the various classes of depreciable property as approved by the Board of Directors.

Depreciation on depreciable property is included in plant nonspecific operations expense at \$656,790 and \$637,666 which resulted in composite rates of 7.3% and 7.4% for 1997 and 1996, respectively.

Renewals and betterments of units of property are charged to telephone plant in service. When telephone plant is retired, its cost is removed from the asset account and charged against accumulated depreciation together with removal costs less any salvage realized. No gains or losses are recognized in connection with routine retirements of depreciable property. Repairs and renewals of minor items of property are included in plant specific operations expense.

INCOME TAXES

For federal income tax purposes, the Company is included in a consolidated tax return, along with other subsidiaries held by Chorus. For financial reporting purposes, income taxes are presented by apportioning the consolidated tax provision in the ratio of income taxes to be paid as if

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

each were filing a separate return.

Income taxes are accounted for using a liability method and provide for the tax effects of transactions reported in the financial statements including both taxes currently due and deferred. Deferred taxes are adjusted to reflect deferred tax consequences at current enacted tax rates. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities relate to property and equipment. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Investment tax credits (ITC), which were deferred prior to the Tax Reform Act of 1986, are being amortized over the regulatory life of the plant which produced the ITC.

REVENUE RECOGNITION

The Company recognizes revenues when earned regardless of the period in which they are billed.

B) Footnote B - Dividend Restriction

Substantially all assets of the Company are pledged as security for the long-term debt under certain loan agreements with the Rural Utilities Service (RUS) and the Rural Telephone Bank (RTB). These mortgage notes are to be repaid in equal quarterly and monthly installments covering principal and interest beginning two to three years after date of issue and expiring by 2011.

The mortgage to the United States of America, underlying the RUS and RTB notes, contains certain restrictions on the declaration or payment of cash dividends, redemption of capital stock, or investment in affiliated companies. As of December 31, 1997, the maximum amount which could be distributed in accordance with these restrictions was \$557,000, except as might be specifically authorized in writing in advance by the RUS and RTB noteholders.

- C)** Amount shown in column (g) is for the Public Telephone Terminal Equipment that was transferred to Pioneer when payphones became deregulated. See also page 13 item 8 for further explanation.
- D)** Amounts shown in column (k) are to correct ending balances. Depreciation for account 2212 is only maintained in total. No sub-class accounts are maintained for depreciation purposes. Total depreciation is shown under sub-class account 2212.3.
- E)** Increase in revenue due to increase in special access circuits installed as well as MCI direct trunks added.
- F)** Decrease in Intrastate Billing & Collection revenues due to decrease in Billing & Collection rates from Ameritech.

GENERAL, SCHEDULE LEVEL AND SCHEDULE LINE FOOTNOTES

- G)** The amount for line 1 - Regulated Expense should be \$319,842 and the amount for line 5 - All other accounts should be \$210,329. The program would not allow me to change line 1. See also Schedule footnote for expense matrix (page 41) for further explanation.
- H)** Depreciation rate for Motor Vehicles is on a unit basis. The composite rate is 6.58%.
- I)** Depreciation rate for Other Work Equipment: Major - on a unit basis. Misc - 10%. The composite rate is 7.34%.
- J)** Amount shown in column (k) is for the Public Telephone Terminal Equipment that was transferred to Pioneer when payphones became deregulated. See also page 13 item 8 for further explanation.
- K)** Increase caused by inventory true-up. 1996 went down and 1997 went up.
- L)** Docket Nos. 05-AT-130 and 15-AT-105 relate to the affiliated transactions reported on page 15 for columns (b, c and d). The transactions that are reported are in accordance with the agreement filed in these dockets.
- M)** Since account 1181 is not used because the reserve method is not used (page 17) there was no uncollectible information brought forward to page 43. The amount shown on this line is for net uncollectibles. Collection of amounts previously written off = \$5,219. Uncollectibles written off during the year = \$6,260. Net uncollectibles = \$1,041.
- N)** Data for Telephone Calls for Operator Handled: State-intralata, State-interlata and Interstate have been combined into one on line number 5. This is the only way the switch reports the data.
- O)** Data for Telephone Calls for Customer Dialed: State-interlata and Interstate have been combined into one on line number 9. This is the only way the switch reports the data.